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INTELLIGENCE REPORT
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COUNTRY Germany (Russian Zone)

DATE:

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SUBJECT Imports and Exports from
the Russian Zone
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This document is hereby regraded to **CONFIDENTIAL** in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

INFO.

ST. XX August 1947

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SUPPLEMENT

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1. Trade agreements are now being concluded between firms in the Russian Zone of Germany and various foreign importers. All arrangements are strictly controlled by the SMA and regulated in the following manner:
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- a. Preliminary negotiations take place directly between the German exporter and the prospective buyer. The buyer makes an offer, stating amount and quality of goods desired, type of packing, date and route of shipment, and conditions of payment which he would prefer. The exporter may make no commitments regarding these matters, nor is he permitted to give any information on prices and values.
- b. The exporter then submits a statement of the offer to the Aussenhandelsabrechnungskontor (Clearing House for Foreign Trade) in five copies; a sixth copy is turned over to the state office for foreign trade and interzonal traffic. On the first three copies, which are to be returned to the buyer, no price or value is listed. The export price, in marks, is placed on the last three copies. If this price differs from that assigned the article by Order 63/46 (Stoppreis), the latter must also be listed. The price of the article when last sold abroad, according to sales made before and after 15 May 1945, as well as conditions of payment, must be named. If sales have not been made previously in the purchasing country, the price for which the article was sold in another foreign country is to be given. The domestic price as of 1938 must be listed if it differs from the Stoppreis.
- c. The Clearing House (AA) examines the offer and issues a permit, which must receive the further approval of the VFA (Verwaltung für Aussenhandel - Administration for Foreign Trade). It is then forwarded to the buyer, who is allowed a set period of time to accept the final terms and make payment. Until he

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expiration of the allotted time, the exporter is bound to the conditions of the proposed agreement. He is informed of this by a special form bearing the registration number of the order.

- d. After the buyer has agreed to the given terms, the order, drawn up by the AA and countersigned by the VFA, is forwarded to the exporter. When he has sent the goods, he submits a duplicate copy of the shipping certificate or receipt to the AA, which pays him in marks the amount proposed in the last three copies of the buyer's offer. The SMA provides the AA with the necessary means of payment.

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2. Since October 1946 the following foodstuffs have been exported from the Russian Zone:

<u>To</u>	<u>Article</u>
Poland:	8,000 tons of sugar 8,500 tons of molasses 11,000 tons of grain
25X1 [redacted]	13,000 tons of sugar 58,000 tons of potatoes 6,000 tons of grain
Czechoslovakia:	12,500 tons of sugar 60,000 tons of potatoes 15,000 tons of grain
25X1 [redacted]	10,300 tons of sugar 12,300 tons of fodder 8,000 tons of grain
Yugoslavia:	15,300 tons of sugar 14,000 tons of potatoes 20,000 tons of grain
Romania:	6,000 tons of sugar 60,000 tons of potatoes 12,000 tons of grain

Trade agreements have been made by the Russian Zone with [redacted]

[redacted] Poland.

[redacted] The contract with Poland was arranged by the accredited Polish representative on the Control Council and Col. V. K. Rikhin, chief of the SMA foreign trade branch. Within the next year the Russian Zone is to import 170,000 tons of hard coal and 670,000 tons of coke from Upper Silesia, worth between 12,000,000 and 15,000,000 RM, in exchange for raw textiles, fertilizers, agricultural machinery, and chemicals (0.8 tons of chemically pure iron chloride from the Electrotechnical Institute, Bitterfeld; 2 tons of chemically pure hard sodium hydrate from Bitterfeld; Borax from the chemical factory in Grünau; 7.00 tons of barium sulphate from Fa. Stark, Thale (Thuringia); 50 tons of acetylene chloride).

4. A further export-import contract has been drawn up by representatives of the Czechoslovakian Military Mission and Colonel Shernov of the SMA of the State of Saxony. A Czech named Olivarius has been stationed in Berlin for the sole purpose of supervising this business. The following articles are to be exchanged:

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Czechoslovakia to Russian Zone

20 tons of glue
20 tons of nickel hoop iron
30 tons of rolled hoop iron
20 tons of sheet iron 0.5 - 1.0
15 tons of nails
20 tons of sheet zinc
10 tons of wire (Griffdrähte)
300 carloads of substitute coffee
5 carloads of pudding powder
200,000 pairs of sandals and
sandalettes

Russian Zone to Czechoslovakia

150,000 harmonicas
1,800 accordions
50 tons of alumina (Tonerde)
sewing machine needles
textile machinery
typewriters
adding machines

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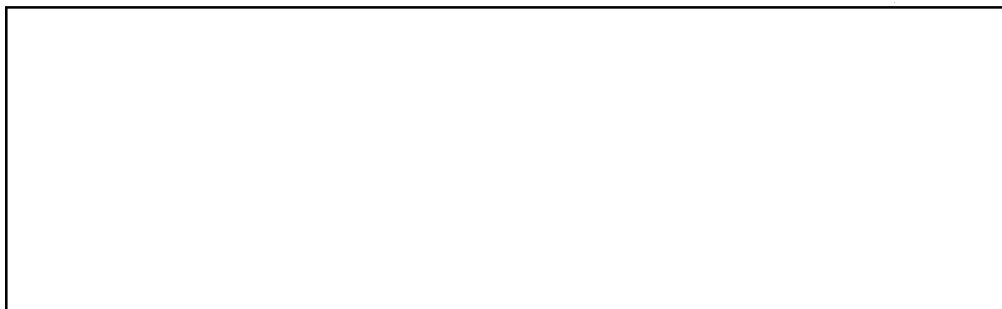
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7. Goods used for export from the Russian Zone are usually drawn from surplus stocks, in cases where actual production has exceeded planned production. [redacted] however, [redacted] these goods are sometimes drawn from stores originally intended for consumption by the civilian population of the zone.

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